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TO: ADMINISTRATOR AND SENIOR EXECUTIVES DATE: THURSDAY, FEBRUARY 2, 2017 7:00 AM EST

TODAY'S EDITION

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Water Estimated Cost Of Keeping Flint On Detroit Water System: More Than \$45M. (MLIVE)

ADMINISTRATOR:

Democrats Stall Committee

Confirmation Vote On Pruitt. The Washington Post (2/1, Dennis, Mooney, Weigel) reports Democrats boycotted a planned vote on EPA nominee Scott Pruitt. Democrats' staff distributed "an amendment from ranking member Tom Carper that would add new standards requiring nominees to submit more financial information." Sen. John Barrasso said he would not force a vote on Pruitt without Democrats in attendance, pledging to "move the nomination of Scott Pruitt as expeditiously as possible." Bloomberg Politics (2/1, Natter) reports Democrats told reporters that they were demanding transparency. Under committee rules, "at least two members of the minority must be present to constitute a quorum and allow the panel to take action on legislation and nominations," but the committee "could attempt to change those rules or temporarily suspend them in a bid to move Pruitt's nomination to the Senate floor" as done Wednesday by the Senate Finance Committee.

<u>E&E Daily</u> (2/1, Bravender) reports that Sen. Carper "said the responsibility falls on Pruitt" because he failed to fully answer Democrats' questions. Sen. Carper was also "particularly irked that Pruitt told Democrats they would have to request emails from his tenure as Oklahoma's top law enforcement official under an open records process that has a nearly two-year backlog."

E&E Publishing (2/1) notes that Republicans have boycotted committee votes in the past on EPA administrator nominees, including for Obama's pick in 2013, Gina McCarthy. Reuters (2/1, Gardner) also reports. CBS News (2/1) reports that Republican members were critical of their Democratic counterparts for failing to attend, and accused them of obstructionism. Alaska Dispatch News (2/1) reports that Alaska Sen. Dan Sullivan described the Democratic boycott as a "senatorial temper tantrum."

More Than \$3M Spent Lobbying For, Against Pruitt For EPA Chief. The Hill (2/2, Cama) reports that more than \$3 million has been spent by opponents and supporters of Oklahoma Attorney General Scott Pruitt in an effort to sway his confirmation process. The "National Association of Manufacturers is the biggest spender in favor of Pruitt with a seven-figure ad campaign," while Tom Steyer says his

group NextGen Climate Action has spent similar

amounts.

Additional Reading.

Scott Pruitt Will Make America Great Again
 For Polluters. <u>Huffington Post.</u> (2/1)

BROWNFIELDS/SUPERFUND/O THER CLEANUPS:

Gold King Mine Spill Update. KRDO-TV Colorado Springs, CO (2/1, 6:18 p.m. EST) reported, "New Mexico is update its long term plan to monitor the effect of the 2015 mine waste spill that fouled rivers in three western states. The state's environment department says the plan was developed by a team that includes science and engineering experts. The state department representative says there are concerns about a decision by the EPA to not pay damage claims. EPA workers triggered the spill at the Gold King Mine, Southern Colorado, releasing 3 million gallons of waste water tainted with heavy metals."

CLIMATE CHANGE:

Sources: Dismantling Clean Power Plan Likely To Come After Pruitt

Confirmation. ClimateWire (2/1) reports White House press secretary Sean Spicer "sidestepped" a question "about whether the administration might target U.S. EPA's endangerment finding," which is used to justify the Clean Power Plan. Former Trump transition advisor Myron Ebell has said transition officials discussed potentially delaying an announcement on the Clean Power Plan until Scott Pruitt is confirmed as EPA administrator. Ebell said last week. "I think they're trying to decide whether to do it before he's confirmed, or wait until after he's confirmed. And of course if the Democrats delay his confirmation, my guess is they won't wait around." Sources close to the transition "say that the complicated process of undoing the Clean Power Plan could be better managed under the stewardship of Pruitt and his team at the agency." David Doniger at the Natural Resources Defense Council said, "As long as the endangerment finding is intact, then the agency is under legal obligation to curb the emissions from these sources."

CA: Term-Limited Brown Has \$15M In His Campaign Account. The Los Angeles Times (2/1, Myers) reports that Gov. Jerry Brown

(D), who is term-limited in 2018, has "a \$15-million political war chest, one of the largest of any elected official in the state." The Times says Brown "could easily use his campaign cash on any number of efforts," including "potentially asking California voters to extend or expand the state's landmark climate change laws," though the Democrat currently "is staying out of any speculation about what might happen. 'I think it's safe to say he's keeping his options open,' said Dana Williamson, the governor's political strategist." The Times added that Brown "has more cash on hand than any of the three leading Democrats vying to replace him in 2018."

California Bill Would Add "Social Costs" To Public Contract Bids. The San Jose (CA) Mercury News (2/1, Murphy) reports a new California bill aims to add social costs of greenhouse gas emissions to bids by contractors vying for state-funded infrastructure projects. The measure "would be the first of its kind in the nation and would give companies an incentive to offer the best deal for the environment, not just the lowest price."

EU Looks To China As US Retreats On Climate Change. Reuters (2/1, De Carbonnel) reports EU officials are looking to China as the US retreats from international efforts to tackle climate change, "fearing a leadership vacuum will embolden those within the bloc seeking to slow the fight against global warming." Some EU diplomats "worry Europe is too weak to lead on its own in tackling climate change" as Brexit, Russian energy dependence, and protecting industry threatening the bloc's common policy. "We need to embrace the fact that China has invested very heavily in clean energy," Gregory Barker, climate change minister to former British Prime Minister David Cameron, told Reuters. "If America won't lead then it's clear that China will."

ENERGY:

"Extraction Rule". Reuters (2/1) reports that the Republican-led House of Representatives voted to remove "two major U.S. rules aimed at curbing corruption and pollution in the energy sector." The Senate is expected to take up the issue as soon as Thursday. The Securities and

Exchange Commission's "extraction rule" was approved in 2010 to require energy companies, such as Exxon Mobil and Chevron Corp., to publicly state the taxes and other fees they pay to governments. On the House floor, chairman of the Financial Services Committee Jeb Hensarling said the rule was part of "a radical leftist elitist agenda against carbon-based jobs."

Renewable Energy Industry Urges Trump To Consider Green Jobs In

Rural Areas. Bloomberg News (1/31, Martin) reports the renewable energy industry wants the Trump Administration to know that when it comes to "bringing energy jobs to rural communities: get out of the coal mines and look to the sky." The US wind power industry had over "100,000 workers at the end of the year and the solar industry had more than double that," and they are "a significant source of employment in many of the rural red states that supported Donald Trump's campaign." At the beginning of last year there were 65,971 coal mining jobs, the Energy Department reports. Renewable energy industry leaders "say the rural areas that missed out on economic growth under President Barack Obama are benefiting from the expansion of clean energy." The article mentions that while Trump Administration will be "more fossil-fuel friendly," former Texas Governor Rick Perry, Trump's choice to be the next energy secretary, "helped his state become the largest producer of wind power."

Pastor Enthusiastic About Perry, Other Evangelicals In Cabinet. In an article about evangelical support for Trump and today's National Prayer Breakfast, the Washington Post (2/1, Bailey) reports Ronnie Floyd, a former Southern Baptist Convention president, indicated that he "is especially excited by 'followers of Christ' nominated for Trump's Cabinet." Rick Perry was listed among those he was excited about. Floyd said of evangelicals, "The administration has been way over the top in giving them visibility and recognition that we can bring values."

Palomarez Supports Perry For DOE
Secretary. Javier Palomarez, president and CEO of the US Hispanic Chamber of Commerce, writes in an op-ed for The Hill (2/1, Palomarez) that the mission of the Energy Department "is to ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through transformative science and technology

solutions." With Gov. Perry's "knowledge and experience in this arena, we believe he is a qualified candidate to serve as secretary of Energy." Palomarez concludes, "We hope for a smooth confirmation and look forward to working with him to keep powering America's business future."

ENFORCEMENT:

Volkswagen Agrees To Emissions Cheating Scandal Settlement. The New York Times (2/1, Ewing) reports Volkswagen has

York Times (2/1, Ewing) reports Volkswagen has agreed to a settlement of "more than \$20 billion to settle civil and criminal suits in the United States over its diesel emissions scandal" that affects around 600,000 cars. Through the settlement, "owners of two-liter vehicles and 2009-12 threeliter models can either sell them back to Volkswagen for a price reflecting their value before September 2015, when the diesel cheating became known, or have their cars repaired free." Bloomberg News (2/1, Mehrotra) reports specifically, the filings from the San Francisco federal court indicate the compensation would be "as much as \$16,114." The deal "brings the total damages in North America to more than \$23 billion." Repurchasing the 3-liter vehicles adds to "the 482,000 2-liter autos that are being bought back or repaired under a previous agreement." Should VW not make the repairs on time according to the deal, the company's "burden from the issue will increase to as much as \$4.04 billion." US District Judge Charles Breyer is set to review the "proposed 3-liter settlement on Feb. 14." If he gives "preliminary approval, car owners and others would be given a chance to comment on the agreement before it becomes final."

The Wall Street Journal (2/1, Wilkes) reports that in a separate US settlement on Tuesday, German parts supplier Robert Bosch GmbH agreed to a settlement of \$327.5 million for allegation it helped created the defeat device software that was installed in VW cars. If the settlement is approved, the investigation into Bosch would be closed. The New York Times (2/1, Ewing) reports Bosch has continuously denied any knowledge or involvement in the emissions cheating scandal and did not admit to any wrongdoing as part of the settlement with VW owners and the Federal Trade Commission. The company still faces a criminal investigation by German attorneys "as well as multiple civil suits by

Volkswagen owners in Europe." On Wednesday, Bosch said it would "continue to defend its interests in all other civil and criminal law proceedings and to cooperate comprehensively with the investigating authorities in Germany and in other countries."

Reuters (2/1) highlights lawsuits and investigations VW still faces that have yet to be resolved, including: lawsuits from other US locations; German damages claims; a lawsuit in Australia, several other lawsuits from European countries; and the indictments of several VW executives in South Korea.

The <u>Financial Times</u> (2/1, McGee) provides additional coverage.

OTHER NEWS:

EPA Workers Grow More Concerned About Political Interference. Great Sargent writes for the Washington Post (2/1, Sargent) in its "Plum Line" blog on anxiety among federal workers in the EPA. John O'Grady, president of the union that represents some EPA employees nationwide, told The Washington Post "that Trump's firing of the acting attorney general who said she would not defend his immigration order in court was producing a 'chilling effect through the agency." O'Grady said political interference was a worry and that insiders are concerned that internal dissent with such interference, or efforts to draw attention to it, could meet with punishment in the form of "losing a job" or "not being promoted" or "not getting a prime assignment."

House Science Committee To Hold Hearing On "Making The EPA Great

Again". ClimateWire (2/1, Bravender) reports that next week a House committee will hold a hearing on "Making the Environmental Protection Agency Great Again." House members are likely to discuss the "Secret Science Reform Act," which would require the EPA to use only "transparent and reproducible" science to develop regulations. Democrats and opponents to the bill "say the measure would have a crippling effect, since large-scale studies are not easy to reproduce and some industry or private data can't be made public."

Gorsuch Seen As Smart But Light On Energy Issues. <u>E&E News PM</u> (2/1, Gilmer) reports that President Trump chose Judge Neil

Gorsuch from the 10th US Circuit Court of Appeals as his Supreme Court nominee. "Gorsuch's record on energy and environmental issues is light, but experts have described the Colorado native as well-qualified and traditionally conservative." BakerHostetler attorney Mark Barron praised Gorsuch as having Scalia's brand of "intellectual firepower" and for being "smart as hell." In remarks following Trump's announcement, "Gorsuch highlighted his commitment to impartiality, independence and collegiality on the bench," E&E reports. E&E profiles Gorsuch, reporting that he is "most notable for his extreme distaste for Chevron deference, a legal doctrine under which judges typically defer to an agency's judgment when it is interpreting ambiguous law." Such deference arises "frequently in litigation surrounding technical rules" from the EPA, the Interior Department and other agencies covering energy and the environment. On specific energy and environmental issues, "Gorsuch's record is less developed," but include rulings the story goes on to detail.

Gorsuch May Overturn Chevron
Deference, Dems Planning Pruitt Vote Boycott.

Bloomberg Government (2/1) reports in its blog that if President Trump's pick for the Supreme Court Neil Gorsuch is confirmed, it would putting a leading critic of "Chevron deference" on the court. Gorsuch wrote in a concurring decision last year, "But the fact is Chevron and Brand X permit executive bureaucracies to swallow huge amounts of core judicial and legislative power and concentrate federal power in a way that seems more than a little difficult to square with the Constitution of the framers' design. Maybe the time has come to face the behemoth." Senate Democrats are also planning to boycott a Senate Environment and Public Works Committee vote on EPA nominee Scott Pruitt. Sen. Tom Carper complained that Pruitt failed to provide documents from his time as Oklahoma AG, and he was not forthcoming in his answers to questions. Carper said, "I also asked him to name any EPA regulation on the books today that he supports. Mr. Pruitt could not name one."

Murkowski Urging GOP Leaders To Bring Perry Nomination To Senate Floor For Vote. The "Morning Energy" blog of Politico (2/1) reported Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski signaled that she's urging "Republican leadership to move the nominations of Rick Perry for DOE and Interior selection Ryan Zinke up the line for floor consideration, after both won bipartisan backing from her committee Tuesday. But she admits Democrats may hold up fast confirmations for both." Murkowski told ME, "My hope is that the strong bipartisan support that we had for both gentlemen will allow them to find an easier path forward. ... It does worry me because the president deserves to have a Cabinet."

In articles about other Trump Cabinet nominees, the Los Angeles Times (2/1, Mascaro), the Wall Street Journal (2/1, Harder), the Washington Post (2/1, Snell, Weigel, O'Keefe) and NPR (2/1, Seipel) mention that Perry and Zinke were approved by the Senate Energy and Natural Resources Committee on Tuesday.

Saudi Oil Minister Lauds Trump Energy Policies. The Wall Street Journal (2/1, Faucon, Amon) reports Saudi Arabian oil minister Khalid al-Falih yesterday offered praise for the energy policies of President Donald Trump and signaled that he is in favor of increased oil production in the US "as long as they grow in line with global energy demand." On Wednesday, al-Falih told the BBC, "President Trump has policies which are good for the oil industry, and I think we have to acknowledge it." He also applauded the choices Trump has made for his Cabinet, including Perry who Falih called "pro-oil and gas."

Civil Servants At Odds With Superiors Over Trump's Executive Actions. The

Hill (2/1, Kamisar) reports civil servants have begun publicly clashing with their superiors over some of President Trump's executive actions. Chris Lu, the former deputy secretary of Labor in the Obama Administration, says, "I don't recall any kind of dissent like this happening either in a Democratic or Republican administration — this is clearly unusual." Administration officials fired back that if civil servants disagree with the policy decisions, they are free to find other jobs. The Washington Post (2/1, Joe Davidson I, Columnist) reports despite the outcry of some employees, there is "no verifiable revolt by the workforce" against President Trump. Megan Durham, retired Fish and Wildlife Service deputy assistant director for external affairs, says "Sometimes you have to suck it up, choose your battles, and do the best you can within the system to educate your political bosses and continue to perform your agency's mission."

The Washington Post (2/1) reports federal workers are in "regular" contact with Obama Administration appointees about possible avenues of backlash against President Trump's initiatives. Some have created social media accounts aimed at leaking word of possible changes Trump appointees plan to make. Other officials have stated they will "slow their work" if they are asked to do tasks they agree with.

The Washington Post (2/1, Selk) reports the EPA's twitter account has remained silent since President Trump took office. Canadian officials are warning US civil servants they may face a "regime of censored science" similar to what happened in Canada after former Prime Minister Stephen Harper took office. In 2014, 800 Canadian scientists sent Stephen Harper an open letter warning that "Canada's leadership in basic research, environmental, health and other public science is in jeopardy."

Additional Reading.

 Neil Gorsuch's Late Mother Almost Annihilated The EPA. Is History Repeating Itself? Newsweek. (2/1, Brenner)

RULES/REGULATIONS/POLICY

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NRDC Files Complaint Against EPA For Rescinding Mercury Protection

Rule. Reuters (2/1, Stempel) reports "mere hours after Trump took office," the EPA withdrew its final rule seeking reductions in the discharge of mercury from dental offices. Natural Resources Defense Council has filed a complaint against the EPA claiming the agency "illegally" rescinded the rule.

Manufacturers Hope Trump Policies Speed Up Environmental Permitting.

Bloomberg Government (2/1) reports that manufacturers hope President Donald Trump's call to expedite permitting for new projects "will galvanize the EPA and state environmental regulators to speed up their permit review processes and pursue broader revisions to underlying regulations." The article adds that the manufacturing sector "has highlighted regulatory requirements, including delays in the processing of necessary permits, as a barrier to investment in domestic manufacturing projects." According to

NAM Senior Director for Energy and Resources Greg Bertelsen, the Trump memo is "right in line" with what the NAM's message on environmental regulations has been for the past several years.

Toxics/TSCA:

EPA Begins Testing For Toxic Vapor Intrusion In Ballston Spa. The

Schenectady (NY) Daily Gazette (2/1, Campbell) reports that the EPA will begin testing for "vapor intrusion" of carcinogenic air contaminants in the basements of Ballston Spa homes that may have migrated from an old dry-cleaning business. Don Graham, project coordinator for the EPA, said that the agency will assist property owners in installing air-blocking systems if the contaminants are found in homes.

Local TV Coverage: Ballston Spa Contamination Miscommunication. WXXA-TV Albany, NY (2/1, 10:04 p.m. EST) reported, "A new concern about the chemical contamination that's coming from an abandoned dry cleaning shop in Ballston Spa. The EPA says Saratoga County called them to investigate the Ricketts property this past summer, but the Mayor of Ballston Spa wasn't alerted until the end of December. The EPA says their investigation began back in August when Saratoga County called them with concerns after a rep visited the site and saw asbestos and some mercury switches. The attorney for the county says it was up to the EPA to tell the mayor. The EPA says communication is important and that they will continue to keep in contact with those involved." <u>WTEN-TV</u> Albany, NY (2/1, 6:00 p.m. EST) reported similar coverage.

WATER:

Estimated Cost Of Keeping Flint On Detroit Water System: More Than

\$45M. MLive (MI) (2/1, Fonger) reports the Genesee County, Michigan Drain Commissioner's Office told the state's Department of Environmental Quality that keeping Flint and its neighboring suburbs connected to the Great Lakes Water Authority while it works towards being capable of treating its own water could cost more than \$45 million over a two-year period. While keeping Flint connected to the GLWA is expensive compared to other options under

consideration by city and state officials at the moment, "experts have increasingly advised the state that the fewer changes in source water, the better for Flint."

Researchers Find Discontinuation Of Corrosion Control Measures Caused

Flint Water Crisis. MLive (MI) (2/1, Fonger) reports Virginia Tech researchers published a peer-reviewed report which found that the Flint water crisis was caused by the decision to discontinue adding orthophosphate inhibitors once the state switched the city to a Flint Riverdependent water supply. A news release highlighting the report said, "In the tap water, the high lead concentrations strongly correlated with the levels of cadmium, zinc and tin, which were also components of the pipe's original internal coating. ... According to the researchers, these results suggest that without corrosion inhibitors. the Flint River water caused the rust layers (with attached lead) to release from the interior of the iron pipe."

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